

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 EB-07

OES-06 FEA-01 INT-05 TRSE-00 OMB-01 AID-05 /082 W

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R 172048Z SEP 76

FM AMEMBASSY SANTO DOMINGO

TO SECSTATE WASHDC 8313

INFO AMEMBASSY CARACAS

LIMITED OFFICIAL USE SANTO DOMINGO 4600

E.O. 11652: N/A

TAGS: EFIN, DR

SUBJ: FINANCING BALANCE-OF-PAYMENTS DEFICIT: EURODOLLAR LOAN
OFFERED TO DR

REF: SANTO DOMINGO 4225

1. IN CONVERSATION WITH EMBOFF, LOCAL MANAGER OF FOREIGN-OWNED BANK STATED CONFIDENTIALLY AN OFFER HAS BEEN MADE TO CENTRAL BANK TO PROVIDE EURODOLLAR FINANCING THROUGH HIS BANK'S LONDON BRANCH. A SYNDICATED ARRANGEMENT OF VARIOUS US-EUROPEAN BANKS WOULD BE MOST LIKELY.

2. WHILE HE STATED DR DID NOT HAVE HIGH ENOUGH CREDIT RATING TO RECEIVE 15-YEAR REPAYMENT TERMS, HE INDICATED A SEVEN-YEAR TERM WAS FEASIBLE. INTEREST WOULD BE FROM ONE TO ONE AND ONE-HALF PERCENT OVER THE EURODOLLAR BORROWING RATE, CURRENTLY ABOUT SIX AND ONE-EIGHTH PERCENT.

3. THE MINIMUM AMOUNT IN CONSIDERATION IS DOLS 25 MILLION, WITH THE MAXIMUM CAPITAL AVAILABLE OPEN TO NEGOTIATION.

4. IN THE PAST, THE CENTRAL BANK HAS USUALLY APPROACHED, ON AN INDIVIDUAL BASIS, BANKS IT WAS ALREADY DOING BUSINESS WITH,
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MEANING LARGELY US BANKS, FOR BORROWING OF FOREIGN EXCHANGE.

THE DR, THEREFORE, DOES NOT HAVE MUCH EXPERIENCE WITH EURODOLLAR FINANCING. LOCAL MANAGER BELIEVES HIS OFFER WOULD PROVIDE CENTRAL BANK GREATER FLEXIBILITY TO FINANCE THIS YEAR'S BALANCE-OF-PAYMENTS DEFICIT BY ALLOWING DR TO OPEN ACCOUNTS AND ESTABLISH A CREDIT RATING WITH NEW EUROPEAN BANKS.

5. FINANCING TERMS OFFERED FOR THIS PROPOSED LOAN ARE CONSIDERABLY BETTER THAN EIGHT PERCENT, ONE-YEAR TERMS VENEZUELAN HAVE REPORTEDLY OFFERED DR TO FINANCE PETROLEUM IMPORTS (SEE REFTEL).
HURWITCH

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BALANCE OF PAYMENTS, DEBT REPAYMENTS, LOANS
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Copy: SINGLE
Draft Date: 17 SEP 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: coburnhl
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760353-0947
From: SANTO DOMINGO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760948/aaaabpbm.tel
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Margaret P. Grafeld
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EO Systematic Review
04 MAY 2006

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Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FINANCING BALANCE-OF-PAYMENTS DEFICIT: EURODOLLAR LOAN OFFERED TO DR
TAGS: EFIN, DR
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006